



May 6, 1996

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Office of the Secretary
Federal Communications Commission
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Enclosed for filing with the Commission on behalf of the Iowa Telephone Association are the reply comments of that Association in CC Docket No. 96-45. An original and ten copies are enclosed.

Please date stamp one copy and return it to me at the address below.

Sincerely,

Robert C. Schoonmaker
Vice President

C: International Transcription Service
Iowa Telephone Association
Federal-State Joint Board Service List

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GVNW INC./MANAGEMENT

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**Before the
Federal Communications Commission
Washington, D.C. 20554**

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In the Matter of)	
)	
Federal State Joint Board on)	CC Docket 96-45
Universal Service)	

Reply Comments of the Iowa Telephone Association

1
2 The Iowa Telephone Association (ITA), an association including 153 local exchange telephone
3 companies in the State of Iowa, offers the following comments in reply to the Comments of the
4 Iowa Utilities Board (IUB Comments) and the Comments of the Iowa Communications Network
5 (ICN Comments) filed with the Commission on April 12, 1996
6
7 The Iowa Communications Network (ICN) is described in the ICN Comments as "... a state of Iowa
8 agency dedicated to the integration of telecommunications and technology into education and
9 public services within Iowa."¹ The IUB comments indicate that the legislature authorizes specific
10 users to the network,² and that currently these users include educational users, state-government
11 users, federal government users, and telemedicine users.³ The first three groups of users can use
12 the network for video, high-speed data, and voice services while the telemedicine users are
13 restricted from using the network's voice services.⁴ As indicated in these comments, rates for users

¹ ICN Comments, Page 1.

² IUB Comments, Page 4.

³ IUB Comments, Attachment A, Page 10.

⁴ Ibid. footnote. See also the second page of Attachment A.

1 are restricted by the legislature to the “ongoing operational costs of the network only.”⁵ These
2 rates specifically exclude capital costs and depreciation expenses. Rates for health care providers
3 for full-motion video transmission services are indicated to be \$40.00 per hour while schools
4 receive the same service for only \$5.00 per hour.⁶ The difference between the \$40.00 “benchmark
5 rate” and the \$5.00 rate for educational users is paid through the Iowa Telecommunications and
6 Technology Commission video subsidization fund, established by the Iowa General Assembly.⁷

7
8 The ICN Comments specifically request the Commission to, “...adopt rules broadly enough to
9 include, in the definition of “telecommunications carrier”, those non-traditional special purpose
10 carriers, such as the ICN,...” so that they can receive reimbursement for the discounts they
11 provide to educational institutions.⁸ The IUB comments make a similar request.⁹

12
13 While the goals of the ICN may be laudable and the General Assembly of Iowa has generously
14 provided by paying the capital costs of the ICN network and through the aforementioned Iowa
15 Telecommunications and Technology Commission video subsidization fund, substantial
16 incentives for developing distance learning and telemedicine applications, the Commission is
17 bound by the statute in its definition of “telecommunications carrier.” As pointed out in the
18 ITA’s Comments filed earlier in this docket a telecommunications carrier, as defined by the
19 Telecommunications Act of 1996 (the Act), must provide “telecommunications service” as

⁵ IUB Comments, Page 4

⁶ Ibid.

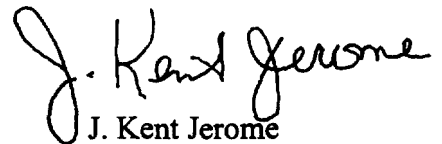
⁷ IUB Comments, Attachment A, second page of the Attachment (page number unreadable).

⁸ ICN Comments, page 2.

⁹ IUB Comments, page 3.

1 defined in the Act.¹⁰ The definition of telecommunications service requires the offering of
2 "...telecommunications for a fee directly to the public, or to such classes of users as to be
3 effectively available directly to the public,..."
4
5 The ITA contends that in spite of its activities providing discounted services to educational and
6 telemedicine providers, that the ICN does not fit the definition of a telecommunications carrier
7 providing telecommunications service as defined in the Act. The ICN is a state-government
8 network built for and limited in use by the General Assembly of Iowa to providing services to a
9 limited number of users, primarily government agencies. It does not fit the definition of offering
10 service to the public or to "be effectively available directly to the public." [emphasis added]
11 Furthermore, the State of Iowa has made public policy decisions to devote a portion of its
12 financial resources to support its educational system through building a subsidizing the operation
13 of this network. There is little need for the federal government to add to these subsidies or to
14 support this subsidization of this special purpose, limited use state network.

Respectfully Submitted,



J. Kent Jerome
Secretary-Treasurer
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May 7, 1996

¹⁰ Comments of the Iowa Telephone Association, page 4.